


## City of Alexandria, Virginia

## MEMORANDUM

DATE: APRIL 20, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA FOR THE EPISCOPAL HIGH SCHOOL

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**ISSUE:** Resolution authorizing the issuance of bonds by the Industrial Development Authority of the City of Alexandria (AIDA) in an amount up to \$17,000,000 to assist the Episcopal High School in (i) financing and refinancing the cost of acquisition, construction, equipping, expansion, renovation and enlargement of the educational facilities at 1200 North Quaker Lane and (ii) the refunding of all or a portion of the outstanding amount of the AIDA Educational Facilities Revenue Bonds (Episcopal High School), Series 1999.

**RECOMMENDATION:** That City Council adopt the attached Resolution (Attachment 1) as recommended by the AIDA at its meeting on April 19, 2005.

**DISCUSSION:** On April 19, 2005, the AIDA considered a Resolution (Attachment 2) authorizing the issuance of up to \$17,000,000 in AIDA bonds to assist the Protestant Episcopal High School in Virginia (Episcopal High School) in the following:

1. Financing and refinancing the acquisition, construction, equipping, expansion, renovation and enlargement of the educational facilities of Episcopal High School, all located or to be located at the campus of Episcopal High School consisting of approximately 135 acres at 1200 North Quaker Lane (the "Facility"), including:
  - a. The renovation, construction and equipping of improvements to and expansion of existing academic facilities in the approximately 12,000 square foot Hummel Learning Center and the approximately 15,000 square foot Williams West Wing,
  - b. The construction, renovation and equipping of portions of Episcopal High School's landscaping, walks, roadways and parking areas and

- c. Other capital improvements at the Facility.
2. Refunding of all or a portion of the outstanding amount of the AIDA Educational Facilities Revenue Bonds (Episcopal High School), Series 1999, issued to finance the construction, acquisition, renovation and equipping of improvements to the Facility, including without limitation a fine arts center, dormitories, housing, athletic facilities and campus landscaping, walkways, roads and parking.

Episcopal High School is a not-for-profit 501(c)(3), non-stock corporation organized and existing under the laws of the Commonwealth of Virginia. Founded in 1839, Episcopal High School is a college preparatory boarding school (grades 9-12) located on a 135-acre campus in the City. Originally founded as an all-boys school, the school became coeducational in 1991. For the fall 2004 semester, the student body numbered 429 consisting of 245 boys and 184 girls.

Episcopal High School supplies the following services to the Alexandria Community:

- 1. Episcopal students and faculty provide many hours of community service to the following Alexandria organizations:
  - a. Alexandria Head Start
  - b. Stop Child Abuse Now
  - c. Virginia Special Olympics
  - d. Carpenter's Shelter, Christ House, Food and Friends
  - e. Tutoring in local elementary schools
- 2. Episcopal High School hosts numerous community events including the following:
  - a. Northern Virginia Special Olympics
  - b. Christmas Party for Alexandria Head Start Program
  - c. Alexandria Youth Soccer League
  - d. Mt. Vernon Youth Orchestra
  - e. Choral and Orchestral Concerts
  - f. Virginia Scottish Games
  - g. Antiques in Alexandria Show
  - h. Alexandria Police K-9 Training
  - i. Animal Welfare League Canine Games
  - j. Alexandria Lacrosse Leagues
- 3. Episcopal High School hosts the following events for T.C. Williams High School:
  - a. Varsity Football Games, including Homecoming
  - b. Cross Country Team Practices
  - c. Annual Cross Country Championships

- d. Varsity Boys Soccer Team practices
- e. Winter Track Team practices during Christmas vacation
- f. Saturday Indoor Track Meets during winter
- g. Track and Field camp each summer
- h. Emergency evacuation site for T.C. Williams

**FISCAL IMPACT:** The AIDA has the authority under State law to issue tax-exempt Industrial Revenue Bonds for certain non-profit organizations such as Episcopal High School. An administrative fee is charged to applicants for the bond financing. The fee is used to partially fund the operating costs of the Alexandria Economic Development Partnership (AEDP). The AIDA will receive a fee of \$27,500 to issue the bonds.

The City is not obligated to repay the bonds or the interest on the bonds. The bonds do not contain any pledge of the City's faith and credit. The obligation rests solely with the Episcopal High School.

As a non-profit educational institution, Episcopal High School, under State law, is exempt from property taxes.

**ATTACHMENTS:**

Attachment 1 - Proposed Council Resolution

Attachment 2 - AIDA Certificate Evidencing the Conduct of the Public Hearing and Action  
Taken By AIDA

Attachment 3 - Fiscal Impact Statement

**STAFF:**

Mark Jinks, Assistant City Manager for Fiscal and Financial Affairs

D. A. Neckel, Director of Finance

Paula Riley, Executive Director, AEDP

**RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF ALEXANDRIA, VIRGINIA**

WHEREAS, the Industrial Development Authority of the City of Alexandria (the "Authority"), has considered the application and plan of financing of Protestant Episcopal High School in Virginia (the "Borrower"), a 501(c)(3) organization not organized exclusively for religious purposes requesting that the Authority issue up to \$17,000,000 of its revenue bonds (the "Bonds"), in one or more series at one time or from time to time, to assist the Borrower in financing or refinancing (the "Plan of Financing") (a) the acquisition, construction, equipping, expansion, renovation and enlargement of the educational facilities of the Borrower, all located or to be located at the campus of the Borrower consisting of approximately 135 acres at 1200 North Quaker Lane in the City of Alexandria, Virginia (the "Facility"), including: (1) the renovation, construction and equipping of improvements to and expansion of existing academic facilities in the approximately 12,000 square foot Hummel Learning Center and the approximately 15,000 square foot Williams West Wing, (2) the construction, renovation and equipping of portions of the Borrower's landscaping, walks, roadways and parking areas, and (3) other capital improvements at the Facility; and (b) the refunding of all or a portion of the outstanding amount of the Authority's Educational Facilities Revenue Bonds (Episcopal High School), Series 1999, which were issued to finance the construction, acquisition, renovation and equipping of improvements at the Facility, including without limitation a fine arts center, dormitories and housing, athletic facilities and campus landscaping, walkways, roads and parking.

WHEREAS, the Authority has held a public hearing on the Borrower's application and Plan of Financing on April 19, 2005;

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), provides that the governmental unit having jurisdiction over the issuer of private activity bonds and over the area in which any facility financed with the proceeds of private activity bonds is located must approve the issuance of the bonds;

WHEREAS, the Authority issues its bonds on behalf of the City of Alexandria, Virginia (the "City"), the Facility is located in the City and the City Council of the City of Alexandria, Virginia (the "Council") constitutes the highest elected governmental unit of the City;

WHEREAS, the Authority has recommended that the Council approve the Plan of Financing and the issuance of the Bonds; and

WHEREAS, a copy of the Authority's resolution approving the issuance of the Bonds pursuant to the Borrower's Plan of Financing, subject to the terms to be agreed upon, a certificate of the public hearing and a Fiscal Impact Statement have been filed with the Council.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALEXANDRIA, VIRGINIA:

1. The Council approves the Plan of Financing and the issuance of the Bonds by the Authority for the benefit of the Borrower, as required by Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the "Virginia Code") to permit the Authority to assist in its Plan of Financing.

2. The approvals of the Plan of Financing and the issuance of the Bonds do not constitute an endorsement to a prospective purchaser of the Bonds of the creditworthiness of the Plan of Financing or the Borrower.

3. Pursuant to the limitations contained in Temporary Income Tax Regulations Section 5f.103-2(f)(1), this resolution shall remain in effect for a period of one year from the date of its adoption.

4. This resolution shall take effect immediately upon its adoption.

Adopted by the City Council of the City of Alexandria, Virginia this \_\_\_\_ day of April, 2005.

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Clerk, City Council, City of Alexandria, Virginia

[SEAL]

## CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the City of Alexandria (the "Authority") certifies as follows:

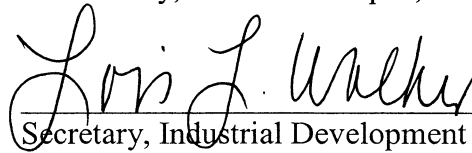
1. A meeting of the Authority was duly called and held on April 19, 2005 at 5:00 o'clock p.m. at the offices of the Alexandria Economic Development Partnership, Inc., at 1729 King Street, Suite 410, in Alexandria, Virginia, pursuant to proper notice given to each Director of the Authority before such meeting. The meeting was open to the public. The time of the meeting and the place at which the meeting was held provided a reasonable opportunity for persons of differing views to appear and be heard.

2. The Chairman announced the commencement of a public hearing on the application and plan of financing of Protestant Episcopal High School in Virginia, a 501(c)(3) organization, and that a notice of the hearing was published once a week for two successive weeks in a newspaper having general circulation in the City of Alexandria, Virginia (the "Notice"), with the second publication appearing not less than seven days nor more than twenty-one days prior to the hearing date. A copy of the Notice has been filed with the minutes of the Authority and is attached as Exhibit A.

3. A summary of the statements made at the public hearing is attached as Exhibit B.

4. Attached as Exhibit C is a true, correct and complete copy of a resolution (the "Resolution") adopted at such meeting of the Authority by a majority of the Directors present at such meeting. The Resolution constitutes all formal action taken by the Authority at such meeting relating to matters referred to in the Resolution. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on this date.

WITNESS my hand and the seal of the Authority, this 19th of April, 2005.

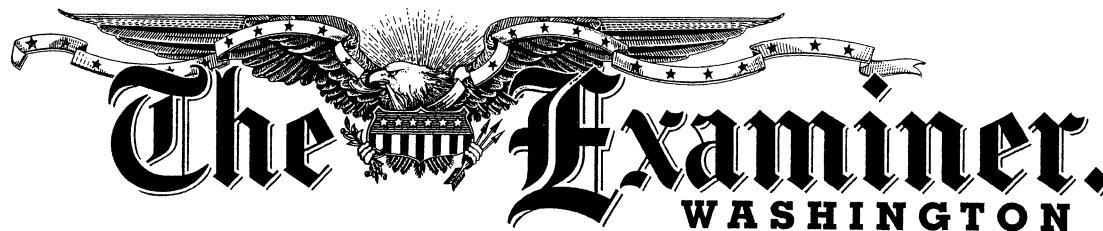


Secretary, Industrial Development Authority  
of the City of Alexandria

[SEAL]

Exhibits:

- A - Copy of Certified Notice
- B - Summary of Statements
- C - Inducement Resolution



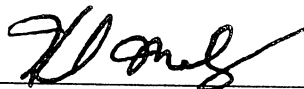
# The Examiner.

WASHINGTON

## PROOF OF PUBLICATION

I, Herbert W. Moloney, Publisher of the Northern Virginia Examiner, (Virginia Edition) a newspaper in the area of Northern Virginia, published in the English language and having a bona fide list of paid subscribers located in the Northern Virginia area, and entered in a newspaper of record according to the Laws and Regulations of the United States of America for 52 successive weeks or more prior to the issue of 04/05/05, certify that the notice of REVENUE BOND

for  
MCGUIRE WOODS, LLP  
attached hereto has been published on  
04/05/2005, 04/12/2005.



Herbert W. Moloney

Sworn to and subscribed before me this  
12th day of April, 2005.



My Commission expires

My Commission Expires September 30, 2007

Ad number: 17505558  
End date: 04/12/2005  
04/05/2005, 04/12/2005  
MCGUIRE WOODS, LLP  
L. GAY BOWMAN

### NOTICE OF PUBLIC HEARING ON PROPOSED REVENUE BOND PLAN OF FINANCING BY INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA

Notice is hereby given that the Industrial Development Authority of the City of Alexandria (the "Authority") will hold a public hearing on the application of Protestant Episcopal High School in Virginia (the "Borrower"), a 501(c)(3) organization not organized exclusively for religious purposes, whose address is 1200 North Quaker Lane, Alexandria, Virginia. The Borrower has requested the Authority to issue up to \$17,000,000 of its revenue bonds, in one or more series at one time or from time to time, to assist the Borrower in financing or refinancing (the "Plan of Financing") (a) the acquisition, construction, equipping, expansion, renovation and enlargement of the educational facilities of the Borrower, all located or to be located at the campus of the Borrower consisting of approximately 135 acres at 1200 North Quaker Lane in the City of Alexandria, Virginia (the "Facility"), including: (1) the renovation, construction and equipping of improvements to and expansion of existing academic facilities in the approximately 12,000 square foot Hummel Learning Center and the approximately 15,000 square foot Williams West Wing, (2) the construction, renovation and equipping of portions of the Borrower's landscaping, walks, roadways and parking areas, and (3) other capital improvements at the Facility; and (b) the refunding of all or a portion of the outstanding amount of the Authority's Educational Facilities Revenue Bonds (Episcopal High School), Series 1999, which were issued to finance the construction, acquisition, renovation and equipping of improvements at the Facility, including without limitation a fine arts center, dormitories and housing, athletic facilities and campus landscaping, walkways, roads and parking.

The issuance of revenue bonds, in one or more series, at one time or from time to time pursuant to the Plan of Financing, as requested by the Borrower will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the City of Alexandria, Virginia, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the City of Alexandria, Virginia, will be pledged to the payment of such bonds.

The public hearing, which may be continued or adjourned, will be held at 5:00 p.m. on April 19, 2005 before the Authority, at the offices of Alexandria Economic Development Partnership, Inc. at 1729 King Street, Suite 410, Alexandria, Virginia. Any person interested in the issuance of the bonds or the location or nature of the proposed project may appear at the hearing and present his or her views. Information regarding the Borrower's application is on file and is open for inspection at the Authority's office during business hours.

Industrial Development Authority  
of the City of Alexandria

April 5 & 12, 2005

NVA17505558hc



## **EXHIBIT B TO CERTIFICATE**

### **Summary of Statements**

Representatives of Protestant Episcopal High School in Virginia, including F. Robertson Hershey, Headmaster of the School, and Richard F. Yarborough, Secretary/Treasurer of the School, and McGuireWoods LLP, bond counsel and counsel to the School, appeared before the Authority to explain the proposed plan of financing. No one appeared in opposition to the proposed bond issue.

**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF ALEXANDRIA  
AUTHORIZING THE ISSUANCE OF UP TO \$17,000,000  
REVENUE BONDS PURSUANT TO THE PLAN OF FINANCING OF  
PROTESTANT EPISCOPAL HIGH SCHOOL IN VIRGINIA**

WHEREAS, the Industrial Development Authority of the City of Alexandria, a political subdivision of the Commonwealth of Virginia (the "Authority"), is empowered by the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), to issue its revenue bonds for the purpose of financing facilities for private, accredited and nonprofit institutions of collegiate, elementary, secondary or graduate education in the Commonwealth whose primary purpose is to provide collegiate, elementary, secondary or graduate education and not to provide religious training or theological education, such facilities being for use as academic or administration buildings or any other structure or application usual and customary to a college, elementary or secondary school campus other than chapels and their like;

WHEREAS, the Authority has received a request from Protestant Episcopal High School in Virginia (the "Borrower"), a 501(c)(3) organization not organized exclusively for religious purposes, and whose address is 1200 North Quaker Lane, Alexandria, Virginia, requesting the Authority to issue up to \$17,000,000 of its revenue bonds, in one or more series at one time or from time to time, to assist the Borrower in financing or refinancing (the "Plan of Financing") (a) the acquisition, construction, equipping, expansion, renovation and enlargement of the educational facilities of the Borrower, all located or to be located at the campus of the Borrower consisting of approximately 135 acres at 1200 North Quaker Lane in the City of Alexandria, Virginia (the "Facility"), including: (1) the renovation, construction and equipping of improvements to and expansion of existing academic facilities in the approximately 12,000 square foot Hummel Learning Center and the approximately 15,000 square foot Williams West Wing, (2) the construction, renovation and equipping of portions of the Borrower's landscaping, walks, roadways and parking areas, and (3) other capital improvements at the Facility; and (b) the refunding of all or a portion of the outstanding amount of the Authority's Educational Facilities Revenue Bonds (Episcopal High School), Series 1999, which were issued to finance the construction, acquisition, renovation and equipping of improvements at the Facility, including without limitation a fine arts center, dormitories and housing, athletic facilities and campus landscaping, walkways, roads and parking.

WHEREAS, such assistance will benefit the inhabitants of the City of Alexandria, Virginia and the Commonwealth of Virginia, protecting and promoting their health and welfare;

WHEREAS, the Borrower's Plan of Financing has been described to the Authority and a public hearing has been held as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, (the "Code") and Section 15.2-4906 of the Act; and

WHEREAS, the Borrower has represented that the estimated cost of the Plan of Financing and all expenses of the issue will require an issue of revenue bonds in the aggregate principal amount not to exceed \$17,000,000.

NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA:

1. It is hereby found and determined that assisting with the Borrower's Plan of Financing will be in the public interest and will protect and promote the health and welfare of the Commonwealth of Virginia, the City of Alexandria, Virginia and their citizens.

2. The Authority hereby agrees to assist the Borrower in its Plan of Financing by undertaking the issuance of its revenue bonds in an amount not to exceed \$17,000,000 upon terms and conditions mutually agreeable to the Authority and the Borrower. The bonds will be issued pursuant to documents satisfactory to the Authority. The bonds may be issued, in one or more series, at one time or from time to time.

3. It having been represented to the Authority that it is necessary to proceed immediately with the Borrower's Plan of Financing, the Authority agrees that the Borrower may proceed with the Plan of Financing, enter into contracts for land, construction, materials and equipment pursuant to the Plan of Financing, and take such other steps as it may deem appropriate in connection with the Plan of Financing, provided, however, that nothing in this resolution shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Plan of Financing. The Authority agrees that the Borrower may be reimbursed from the proceeds of the bonds for all expenditures and costs so incurred by it, provided such expenditures and costs are properly reimbursable under the Act and applicable federal laws.

4. At the request of the Borrower, the Authority approves McGuireWoods LLP, Richmond, Virginia, as Bond Counsel in connection with the issuance of the bonds.

5. All costs and expenses in connection with the Plan of Financing, including the fees and expenses of Bond Counsel and Authority Counsel, shall be paid by the Borrower or, to the extent permitted by applicable law, from the proceeds of the bonds. If for any reason such bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

6. In adopting this resolution the Authority intends to take "official action" toward the issuance of the bonds and to evidence its "official intent" to reimburse from the proceeds of the bonds any expenditures paid by the Borrower pursuant to the Plan of Financing before the issuance of the bonds, all within the meaning of regulations issued by the Internal Revenue Service pursuant to Sections 103 and 141 through 150 and related sections of the Code.

7. The Authority recommends that the City Council of the City of Alexandria, Virginia, approve the issuance of the bonds and the Borrower's Plan of Financing.

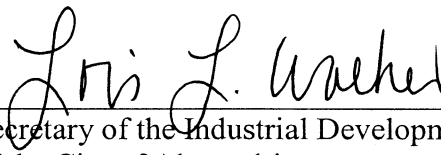
8. No bonds may be issued pursuant to this resolution until such time as the issuance of the bonds and the Borrower's Plan of Financing have been approved by the City Council of the City of Alexandria, Virginia.

9. This resolution shall take effect immediately upon its adoption.

## CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the City of Alexandria (the "Authority") certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Directors of the Authority present and voting at a meeting duly called and held on April 19th, 2005, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended but is in full force and effect on this date.

WITNESS the following signature and seal of the Authority, this 19<sup>th</sup> day of April, 2005.

  
Secretary of the Industrial Development Authority  
of the City of Alexandria

[SEAL]

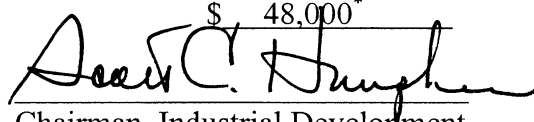
FISCAL IMPACT STATEMENT  
FOR PROPOSED INDUSTRIAL REVENUE BOND FINANCING

Date: April 19, 2005

To the City Council of the City of Alexandria, Virginia

Name of Applicant: Facility: Protestant Episcopal High School in Virginia

1. Maximum amount of financing sought \$17,000,000
2. Estimated taxable value of the facility's real property to be constructed in the municipality \$ N/A
3. Estimated real property tax per year using present tax rates \$ N/A
3. Estimated personal property tax per year using present tax rates \$ N/A
4. Estimated merchants' capital tax per year using present tax rates \$ N/A
6. (a) Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality \$ 200,000\*
- (b) Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality \$ 300,000\*
- (c) Estimated dollar value per year of services that will be purchased from Virginia companies within the locality \$1,500,000\*
- (d) Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality \$ 70,000\*
7. Estimated number of regular employees on year round basis 120 FTE's\*
8. Average annual salary per employee \$ 48,000\*

  
Chairman, Industrial Development  
Authority of the City of Alexandria

If one or more of the above questions do not apply to the facility indicate by writing N/A (not applicable) on the appropriate line.

\* For Episcopal High School as a whole; impact of new construction is minimal.